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Governor determines Detroit in financial emergency

Friday, March 1, 2013

LANSING, Mich. – Gov. Rick Snyder today announced his determination that the city of Detroit is in a financial emergency and that no satisfactory plan exists to resolve it. The Governor reached his conclusion after thorough review and consideration of the unanimous, independent review team's report, which he received on Feb. 19, 2013, under Public Act 72 of 1990 (Local Government Fiscal Responsibility Act).

"Additional action is needed to fix the financial crisis in Detroit," Gov. Snyder said. "Chronic budget troubles have taken a significant toll on everyday life for citizens in the city. Detroiters deserve to feel safe when they walk down the street, to have their street lights on, to have the bus show up to take them to work. Working together in partnership we can and will develop solutions to fix the city's finances, stop the cycle of overspending and one-time fixes and collectively get Detroit on the path being a great city once again."

Under PA 72, the city now has 10 calendar days to request a hearing before the governor or his designee. If requested, the hearing would take place at the Richard H. Austin Building in Lansing, on Tuesday, March 12, 2013. Following the hearing, or after the 10-day period expires, the governor will confirm or revoke his original determination. If confirmed, the management of the emergency would be assigned to the Local Emergency Financial Assistance Loan Board, who would be charged with appointing an Emergency Financial Manager or EFM.

A preliminary review of the city's finances, conducted last fall, found that a "serious financial problem" existed in Detroit as a result of several issues. An independent, 6-member financial review team, appointed by Gov. Snyder on Dec. 18, 2012, concluded unanimously that a financial emergency exists in Detroit, and that no satisfactory plan is in place to address the city's fiscal crisis. The review team submitted its report to the governor on February 19th.

"The partnership between Detroit and the state has resulted in great things happening in the city, improved schools, a thriving Midtown, new businesses, and a revitalized riverfront," said Snyder, "But we can't allow a continuing fiscal crisis to stand in the way of Detroit's reinvention. Solving the financial problems will lay a solid foundation for future growth and lead to a thriving, vibrant Detroit."

For more information about PA 72, visit the Local Government Fiscal Health page on the Department of Treasury's Web site at www.michigan.gov/treasury (<http://www.michigan.gov/treasury>).

